

Don't blame ethanol demand for high food prices

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http://www.dailypress.com/news/opinion/dp-op_marshallresponse_0517may17,0,978777.story

Reference [Virginia](#) Del. "Bob" Marshall's letter "Ethanol policy needs challenging," April 24. Rising energy prices have a much greater impact on rising food prices than the price of grain. As evidenced by \$125-plus barrel of crude oil, America's economy is currently held hostage by our dependency on foreign oil. The average American is now paying more than \$3.50 for a gallon of gasoline. Increased marketing costs, increased processing fees and increased shipping are all playing a significant part in food prices.

The rising energy prices, along with other factors, have a much greater impact on the prices consumers are seeing in the grocery store. In fact, there is only five cents' worth of corn in a box of cornflakes cereal. Texas A&M University published recently the results from their research on the effects of ethanol on food and feed. The [Texas](#) study reports that important food items like bread, eggs and milk have high prices that are largely unrelated to ethanol or corn prices, but correspond to fundamental supply-and-demand relationships in the world.

According to a recent study by U.S. Department of Agriculture economist Ephraim Leibtag, there are numerous factors that contribute to the increasing retail prices of food, including labor, packaging, transportation, energy costs and other market costs.

In fact, food prices are largely determined by costs and profits after commodities leave the farm. On average, only about 19 percent of the price of food can be attributed to ingredients. Marketing and transportation costs make up a much higher portion of total costs. Demonstrated by the large variety of already cooked, prepared and packaged food, Americans need convenience. However, increased packaging and decreased cooking times come with a price tag.

It has even been said that biofuels are hurting Virginia's farms. The importance of ethanol as a cleaner, domestic alternative to foreign imported oil and gas can be seen in the benefits it will bring to the local area and the entire state of Virginia. The growing ethanol industry not only provides a vital value-added market for corn but it also provides an economic boost to the local area's economy.

Just two years ago, the average price for a bushel (56 pounds) of corn was under \$2 and had been for almost a decade. Our grain farmers continually struggled to make payments and provide necessities for their families and operations. Now, because of the dramatic increase in input costs such as seed, land rent, fuel, nitrogen and potash, our producers are operating under the smallest margins of their careers.

Biofuels are an important additional market for Virginia grains and one that will keep our grain farmers farming for generations to come. In a March 24 article, Bruce Dale of Michigan State University states the following in his comments on rising food prices, "Even if corn prices double, the price of grain has a small impact on food prices. Rising energy prices have a much greater impact. Eighty percent of the poorest people in the world are farmers or live in rural areas."

Currently, more than 85 percent of the Virginia Grain Producers Association producer members are utilizing conservation practices such as continuous no-till or conservation tillage, nutrient-management plans and winter cover crops. These practices and other like practices have

reduced soil erosion by 44 percent, increased organic matter in soils and improved water quality.

Virginia's producers play a large role in the world's safest supply of food, feed, fiber and fuel. The use of renewable fuels is one way every citizen can help reduce America's dependency on foreign oil, strengthen our country and help the environment. For example, ethanol is cheaper for the consumer and despite lots of popular misconceptions, reduces harmful greenhouse gas emissions.

VGPA trusts the average citizen to weigh all factors in rising food prices and realize this is a much bigger issue than grain prices or renewable fuels. A waiver to the biofuels mandate would have little to no effect on food prices and would hurt Virginia's grain producers and farms.

Find out more

Go online to the Virginia Grain Producers Association's Web site at www.virginiagrains.com and click on "policy center" for more information and to view cited studies.

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